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*Attorneys for Plaintiff Franklin Credit Management Corporation*

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

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FRANKLIN CREDIT MANAGEMENT : No. 08 Civ. 2430 (SHS)  
CORPORATION, : ECF Case  
: :  
: Plaintiff, :  
- v - : :  
: : **ANSWER TO**  
: : **COUNTERCLAIM**  
: :  
: :  
PINE STATE MORTGAGE CORPORATION, : **JURY TRIAL DEMAND**  
: :  
Defendant.  
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Plaintiff Franklin Credit Management Corporation (“Franklin Credit”), by its attorneys O’Hare Parnagian LLP and Appel & Lucas, P.C., as and for its answer to the counterclaim contained in the Answer and Counterclaim of Defendant Pine State Mortgage Corporation (“Pine State”), dated April 30, 2008 (the “Answer and Counterclaim”), states as follows:

1. Paragraph 62 of the Answer and Counterclaim sets forth legal conclusions to which no response is required.

2. Denies the allegations set forth in paragraph 63 of the Answer and Counterclaim and respectfully refers the Court to the referenced agreement for a true and complete statement of its terms.

3. Denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 64 of the Answer and Counterclaim.

4. Denies the allegations set forth in paragraph 65 of the Answer and Counterclaim and respectfully refers the Court to Franklin Credit's Complaint.

5. Denies knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 66 of the Answer and Counterclaim.

6. Denies the allegations set forth in paragraph 67 of the Answer and Counterclaim.

#### **AFFIRMATIVE DEFENSES**

Franklin Credit states the following affirmative defenses without assuming the burden of proof on such defenses that would otherwise rest on Pine State.

#### **FIRST AFFIRMATIVE DEFENSE**

7. Pine State's counterclaim fails to state a claim upon which relief can be granted.

#### **SECOND AFFIRMATIVE DEFENSE**

8. Pine State's counterclaim is barred in whole or in part by the doctrines of unclean hands and inequitable conduct.

#### **THIRD AFFIRMATIVE DEFENSE**

9. Pine State's counterclaim is barred in whole or in part by the doctrines of laches, waiver, estoppel, and/or ratification.

**FOURTH AFFIRMATIVE DEFENSE**

10. Pine State has failed to mitigate its alleged damages.

**FIFTH AFFIRMATIVE DEFENSE**

11. Franklin Credit reserves the right to amend its answer to assert additional affirmative defenses.

**JURY DEMAND**

12. Franklin Credit demands a trial by jury on all issues.

**PRAYER FOR RELIEF**

WHEREFORE, Franklin Credit respectfully requests judgment against Pine State as follows:

- A. Dismissing Pine State's counterclaim with prejudice;
- B. Awarding Franklin Credit its costs and disbursements with respect to Pine State's counterclaim, including reasonable attorneys' fees;
- C. Granting Franklin Credit the relief requested in its Complaint; and
- D. Granting Franklin Credit such other and further relief as the Court deems just and proper.

Dated: New York, New York  
May 20, 2008

/s/ Robert A. O'Hare Jr.  
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